

**Utah Insurance Department  
Content Standards  
Individual Universal Life**

NOTE: These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all inclusive and are a work in progress. References beginning with “31A” refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with “R590” refer to department rules as part of the Utah Administrative Code (U.A.C.). The comments are a brief synopsis of the referenced material and do not contain all requirements or exceptions. All references should be reviewed for compliance. As required by U.C.A. § 31A-21-201(2), *the insurer is responsible* for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
<b>FORM FILING REQUIREMENTS</b>		
File and Use of Forms	31A-3-103, 31A-21-201, R590-86 & Bulletin 99-7	“FILED” means that a filing is submitted in accordance with applicable statute, rule, or filing order; received by the department within the time provided in the applicable statute, rule or filing order; and accompanied with the applicable filing fee. Forms must be filed prior to use.
Policy and Application	31A-21-101	Policies, applications, and certificates (a) delivered or issued for delivery in this state; (b) on property ordinarily located in this state; (c) on persons residing in this state when the policy is issued; and (d) on business operations in this state are subject to Utah Insurance code and rules.
Policy and Filing Documents	R590-86 & Bulletin 99-7	Policy data page(s), actuarial memorandum, policy summary, life insurance illustration, annual report and all filing documents must be completed with John Doe information using the same risk information; i.e., same age, underwriting classification, face amount, duration, etc. All data must be representative of the market; i.e., estate planning, seniors, juvenile, burial, Bank Owned Life Insurance, Corporate Owned Life Insurance, etc.
<b>GENERAL FORM REQUIREMENTS</b>		
<b>COVER PAGE</b>		
Insurance Company Name	31A-21-201(3)(a)(iii) & 31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the policy and application.
Coverage Name, Description & Special Features	31A-21-201(3)(a)	The coverage name or title, a brief description of the coverage and any special features must be disclosed on the policy cover; i.e. flexible premium adjustable life, universal life, survivor life, no lapse guarantee, etc.
Policy Examination/ Free Look	31A-22-423(1)(a) & R590-93	A minimum free examination period of 10 days for new issues and a minimum of 20 days for replacement policies is required and must be prominently printed on the cover page.
Refund of Premium	31A-22-423 (1)(a)	Full refund of premium must be provided upon return of policy within the free look period.

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Form Identification Number	31A-21-201(3) & R590-86	A distinct form identification number must appear at the bottom of the form. A revised form must contain a revision date or other distinct identifier.
<b>SPECIFICATIONS PAGE</b>		
Cost of Insurance (COI) rates, Expenses, Surrender Charges, Fees	31A-21-302	The policy must disclose all guaranteed cost of insurance rates (COIs), surrender charges, expenses, fees and all other guaranteed factors. If the COIs, charges, fees and other factors are graded by duration, the schedules must disclose the guaranteed amounts for each duration. Policies illustrated pursuant to R590-177 may include a schedule of non-guaranteed (current) COIs if such rates are clearly labeled with an asterisk referring to the COI adjustment provision in the policy that describes the criteria the company will follow if rates are adjusted. A non-illustrated policy may show <u>only</u> the guaranteed COIs but if the policy allows for non-guaranteed (current) COIs, the policy must contain an adjustment provision. No cost of insurance charges are allowed past age 100.
Sample Data	R590-86, Bulletin 99-7	The specifications page(s) must be completed with data that is accurate and consistent with the other contents of the contract, the policy summary, the illustration and the actuarial memorandum and demonstration of compliance.
Annual Percentage Rate (APR)	31A-21-201(3)	The inclusion or disclosure of an annual percentage rate (APR) in a policy in connection with the premium creates the appearance of a loan where there is none. The Department considers this to be a misleading practice and not in the public interest. U.C.A. 31A-21-201(3)(a) allows the Commissioner to prohibit the use of a form upon a finding that the form is (C) misleading and (H) not in the public interest.
Specified Amount	31A-21-201 (3)(a)	The initial guaranteed death benefit amount must be clearly disclosed.
Variability - (bracketed data)	31A-21-201, R590-86, Bulletin 99-7	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refiled prior to use. Only the insured's individual information may be bracketed as variable. Guaranteed interest rates and surrender charges may not be filed as variable information.
<b>POLICY PROVISIONS</b>		
Annual Report	R590-177-10	An illustrated policy must provide for an annual report. The report must include the beginning and ending account values, surrender value, and any premium paid, interest credited, withdrawals, loan amounts outstanding, and the death benefit.
Application	31A-21-201(3), R590-93-7 & R590-93-8	(a) Applications must contain a statement to be signed by the applicant and a statement to be signed by the agent as to whether or not he or she knows replacement is or may be involved in the transaction. (b) The application may not contain vague health questions without a time limit. (c) An application must be included in every policy filing where an application is used.

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Arbitration	31A-21-314, R590-122 & Bulletin 96-8	Permissible arbitration must be properly disclosed in the policy and the application. No provision may deprive Utah courts of jurisdiction over an action against an insurer, except as provided in permissible arbitration provisions.
Assignment	31A-22-412	Assignment provision must allow the owner of any rights in the policy to assign any of those rights.
Autopsy & Physical Exam	31A-22-417	Autopsy and/or physical examination is at the company's expense.
Cash Surrender	R590-98	An application for cash surrender must be processed within 20 days.
Cost of Insurance (COI) Rate Changes and Other Expenses, Charges, or Fee Adjustment Provisions	31A-21-302 & 31A-22-408	If the policy allows for COIs, expenses, charges, fees or other nonguaranteed factors and rates to be adjusted, then the policy must include a provision describing the criteria the company will follow if such factors are adjusted.
Claims Settlement	U.C.A. § 31A-26-301(1), R590-191-4 & R590-191-5	All proceeds and claims settlement provisions must be in compliance with U.C.A. § 31A-26-301(1) and R590-191-4 that establishes the minimum standards for prompt claim handling and requires that the company must act within 15 days of receipt of due proof of the death; and R590-191-5 requires payment of interest if the claim is not settled within 15 days of completion of the investigation.
Death Benefit	31A-1-301(72) & 31A-21-201(3)(a)	The policy must clearly describe how the death benefit proceeds are determined. The death benefit proceeds must be at least equal to the death benefit of the policy and any riders in effect on the date of the insured's death, less any indebtedness and plus or minus any premium adjustments.
Death Benefit Exclusions	31A-21-201(3).	Exclusions such as war, participation in a riot, commission or attempt to commit a felony or assault are not allowed in a life insurance policy. Life insurance policies insure against the loss of life and therefore, such exclusions are not in the public interest. On an individual issue basis, a war exclusion endorsement may be added to a policy with consent of the policyholder.
Deferral of Surrender Value	31A-22-408(2) & R590-98	The right to defer surrender value for six months <u>with consent of the commissioner</u> must be in the policy.
Definitions	31A-21-201(3)	All definitions must be complete and consistent throughout the form. The contract must define at least the death benefit, account value, cash surrender value, and annuity value, or terms of similar meaning. The tables and schedules of values may contain only those terms that are accurately defined in the contract.
Reservation of Discretion	R590-218	Pursuant to Rule R590-218, the use of reservation of discretion clauses in forms that are not associated with ERISA employee benefit plans, is prohibited. The rule allows reservation of discretion clauses in forms associated with an ERISA plan, <u>but only when the insurance company is</u>

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		designated as the plan administrator and only when the insurance contract is the Summary Plan Description (SPD). The reservation of discretion clause safe harbor language found in the rule, must be contained within brackets [ ] as a variable item in the form. The cover letter or statement of variability must clearly explain the limited use of the reservation of discretion clause.
Entire Contract Provision	31A-22-424	Entire contract provision must define the documents and agreements that constitute the entire contract between the insurer and the policyholder.
Grace Period	31A-22-402	Grace period entitles the policyholder to at least a 31-day grace period during which the policy continues in full force. If a claim arises during the grace period, the insurer may deduct the amount of premium due from the policy proceeds.
Illustration or Projection	31A-21-201(3)(a) & R590-177-10	Illustration or projection provision must allow for one free illustration per year.
Incontestability	31A-22-403	Incontestability provision must state that the policy is incontestable after it has been in force during the lifetime of the insured for a period of two years. The code does not allow an exception for fraud. A survivorship policy is incontestable after it has been in force during the lifetime of the surviving insured for a period of two years. The company may establish a notification procedure at the end of the contestable period to mail a notice requesting whether either insured has died.
Insurable Interest	31A-21-104	Bank Owned Life Insurance (BOLI) and Corporate Owned Life Insurance (COLI) must include evidence of compliance with the insurable interest statute by documentation that the life to be insured will provide consent for issuance of the coverage. File an individual application or a Notice of Consent to be signed by the life to be insured.
Legal Actions & Limitation of Actions	31A-21-313 & 31A-21-314(3)	An insurance policy may not limit the time for beginning an action to earlier than 60 days after proof of loss has been furnished as required by the policy. An insurance policy may not contain a provision limiting the right of action against an insurer to less than three years from the date the cause of action accrues. The provision cannot prescribe in what court an action may be brought.
Loan Interest	31A-22-420	Loan interest may be based on a fixed interest rate of not more than 8% per annum or an adjustable rate of interest. The adjustable rate may not exceed the higher of the "published monthly average" as defined in 31A-22-420 or the rate used to compute cash surrender values during the same period plus 1% per annum; the policy establishes the frequency during which the interest rate may be changed. Other requirements apply. Utah does not allow an additional expense charge or fee.
Maturity Date	31A-21-301(1)(f)	Maturity date must be disclosed. A policy may extend the maturity date beyond age 100 with no cost of insurance charges past the end of the mortality table; the policy must clearly define the

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		death benefit amount beyond age 100.
Misstatement of Age and/or Sex	31A-22-405	Policy must state that if the age and/or sex of the insured is misstated in an application and the error is not adjusted during the person's lifetime, the amount payable is what the premium paid would have purchased at the correct age and/or sex.
Nonforfeiture Values and Cash Surrender Values	31A-22-408	<p>The policy must contain a detailed description of the calculation of the account value, cash surrender value and net cash surrender value. The description must include the following:</p> <ul style="list-style-type: none"> <li>a. The guaranteed minimum rate of interest.</li> <li>b. The guaranteed maximum cost of insurance rates and the calculation of the cost of insurance charge.</li> <li>c. The guaranteed maximum surrender and partial withdrawal charges.</li> <li>d. The guaranteed maximum expense charges and additional charges to be made if the insurance amount is increased.</li> </ul> <p>The mortality table upon which the maximum cost of insurance rates are based must be identified including reference to the specific smoker and nonsmoker table. All guaranteed surrender charges, fees, and expenses must be disclosed. The policy must contain a statement that the cash surrender values and the paid-up nonforfeiture benefits available are not less than the minimum values and benefits required by the state where the policy is delivered.</p>
Participating Policies	31A-22-418	If the policy participates in the divisible surplus of the company, the conditions of the participation must be included in the policy. Every participating policy must give its holder full right to participate annually in the surplus accumulations from the participating business that are distributed. The policy must state that dividends, if any, are not guaranteed.
Premiums	31A-21-302	Policy premiums for the base policy and for each benefit must be clearly disclosed separately on the schedule pages. Policy fees and charges must be disclosed separately.
Proof of Loss	31A-21-312	Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible. The provision <u>may not</u> state that in no event, except in the absence of legal capacity, may proof be filed later than the time proof is otherwise required. Failure to give notice or file proof of loss does not bar recovery under the policy if the insurer fails to show it was prejudiced by the failure.
Reinstatement	31A-22-407 & R590-108	Policy must allow reinstatement within three years of the date of premium default. Policy may require evidence of insurability, payment of premiums in arrears and payment or reinstatement of indebtedness with interest at a rate not exceeding the rate for policy loans. If no rate is set in the policy, the rate may not exceed 8% per annum.

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Settlement Options	31A-22-406	If the policy provides that proceeds may be payable in installments that are determinable at the issue of the policy then it shall provide a table showing the amounts and intervals of the installments.
Suicide Exclusion	31A-1-301 & 31A-22-404	Suicide is only allowed as a defense to a claim during the first two years from the date coverage is effective and for the two years after an increase in coverage. The policy must provide for return of premium. "Policy", as defined in statute, means a document, including attached riders; therefore, a deduction for the cost of the rider is not permitted. Suicide may not start anew from the date of reinstatement.
Unfair, Misleading, Deceptive Provisions.	31A-21-201(3)(a)	Forms cannot be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The policy may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract. <u>No exclusin for terrorism is allowed.</u>
<b>MARKETING MATERIALS</b>		
Basic Life Illustration	R590-177	Basic Life Illustration must disclose the name and address of the insurer, name and business address of the agent; it contains a certification to be signed and dated by the agent that the illustration was presented to and explained to the applicant; it requires the signature of the applicant; and it discloses the generic name of the coverage. All guaranteed and non-guaranteed elements are in compliance with the rule.
Policy Summary (Statement of Policy Cost and Benefit Information)	R590-79-4; R590-79-6.F & R590-79-6.F(2)	Policy summary (Statement of Policy Cost and Benefit Information) must disclose the name and address of the insurer, name and address of the agent; and it may contain ONLY guaranteed items, such as premiums, death benefit and policy values. It may not show non-guaranteed items. For policies that provide graded death benefits, the summary must disclose the guaranteed death benefit for each duration. For policies with a face amount of \$10,000 or less, the summary must disclose the possibility that premiums paid over several years may exceed the death benefit whenever that possibility exists.
Annual Report	R590-177-10	Annual report on an illustrated policy must include the Important Notice as required by the rule.
<b>ACTUARIAL DOCUMENTS</b>		
Actuarial Memorandum, Demonstration, and Certification of Compliance	31A-17 Part 5; 31A-22-408; R590-86 & Bulletin 99-7	Actuarial memorandum, demonstration, and certification of compliance must be currently signed and dated by a qualified actuary who is a member of the American Academy of Actuaries. The memorandum must include a demonstration of compliance with Standard Nonforfeiture Law for Life

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	Part 2(4)	Insurance. U.C.A. 31A-22-408 and Standard Valuation Law U.C.A. 32A-17 Part 5. Sample reserve and nonforfeiture calculations must include the same risk classification as the policy pages, illustration, policy summary and annual report submitted in the filing. The memorandum must describe the features of the policy; list all assumptions underlying reserve and nonforfeiture calculations (mortality tables, interest rate, X-factors, etc.) Include details of the calculation of sample reserve and nonforfeiture values, and show projected reserve development.
Secondary Guarantees	R590-198 (commonly known as Triple X) & /bulletin 99-7 Part 2(4)	When a policy contains secondary guarantees (no-lapse period, guaranteed minimum death benefit, guaranteed minimum income benefit, etc.) then the actuarial memorandum must specifically address reserving methodology pertaining to such guaranteed benefits, including demonstrations, calculations, values, etc.
Illustration Actuary and Company Officer Certification	R590-177 & Bulletin 99-7 Part 2.4.d	Illustration actuary and company officer certification must be included in the filing for any illustrated policy.
<b>GENERAL FILING REFERENCES</b>		
File and Use, Prohibit Use of Form	31A-21-201	Utah is a "FILE AND USE" state for forms. The commissioner may prohibit the use of a form at any time upon a finding that it is, among other things, inequitable; unfairly discriminatory; misleading; deceptive, obscure; unfair, encourages misrepresentation; is not in the public interest; or it violates a statute or a rule adopted by the commissioner.
Frequent Problems in Filings	Bulletin 96-8	See Bulletin when preparing a form for filing.
Procedures for Submission of Forms and Rates	R590-86 & Bulletin 99-7	See Rule and Bulletin when preparing a form for filing.
<b>Accurate &amp; Complete Information</b>	<b>31A-2-202(6)</b>	<b>The filing must include the signed and dated <u>certification of compliance</u> in the Transmittal Form. The company must certify that nothing in the filing has been disapproved or prohibited from use in a prior filing.</b>